Bursa Malaysia (BURSA MK)

4Q25: Momentum Intact

BUY (Maintained)	
Share Price	RM9.02
Target Price	RM9.80
Upside	8.6%

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Highlights

- Bursa reported 4Q25 net profit of RM61m (-5% yoy, -19% qoq). Earnings were marginally below expectations due to higher-than-expected effective tax rates.
- Expectations of an increasingly looser monetary policy in developed markets is expected to spur emerging market inflows, further supporting Bursa's ADV momentum, in our view.
- We remain constructive on Bursa's ADV growth outlook for 2026 and maintain our BUY recommendation with a target price of RM9.80, based on 25.5x 2026F PE (+0.5SD above mean) to reflect the anticipated ADV upcycle.

4Q25 Results

Year to 31 Dec (RMm)	4Q25	4Q24	qoq % chg	yoy % chg	2025	yoy % chg
Total Revenue	190.9	185.9	6.1	2.7	727.7	(7.2)
EBITDA	92.9	94.9	(2.7)	(2.2)	374.4	(16.1)
EBITDA margin (%)	50.6%	53.0%	(4.4)	(2.4)	51.4%	(5.5)
PBT	83.4	85.7	(3.3)	(2.7)	337.1	(17.9)
Net Profit	60.8	68.9	(4.7)	(11.7)	250.2	(19.3)
EPS (sen)	7.5	8.5	(4.9)	(11.9)	30.8	(19.5)
Average daily trading value (RMb)	2.67	2.55	3.1	4.5	2.55	(19.0)
Average daily trading volume (b)	3.73	3.15	13.7	18.4	3.39	(21.0)

Source: Bursa, UOB Kay Hian

Analysis

- **Marginally below expectations.** Bursa Malaysia (Bursa) reported 4Q25 net profit of RM60.8m (-11.9% yoy, -4.9% qoq), taking FY25 earnings to RM250.2m (-19.5% yoy), slightly below expectations at 95% of our forecast due to a higher effective tax rate. The yoy decline was driven mainly by weaker securities trading revenue, in line with a 19% yoy drop in ADV (FY25: RM2.55b vs FY24: RM3.15b).
- **4Q25 earnings declined 11% yoy** due to: a) a 9% yoy drop in futures trading revenue from lower contract volumes, b) negative operating jaws, and c) a higher effective tax rate. This was partly offset by a 2% yoy rise in securities trading revenue on higher ADV of RM2.67b (+5% yoy).
- **4Q25 earnings declined 5% qoq despite a 6% qoq rise in revenue**, as seasonally higher bonus accruals drove opex up 16% qoq (staff costs +19% qoq, +9% yoy). Revenue growth was supported by higher securities trading (+3% qoq) and futures trading (+11% qoq), in line with a 3% qoq increase in ADV and an 11% qoq rise in futures contracts.
- **ADV momentum building up – Strong reversal in foreign flows.** Jan 26 ADV spiked to RM3.1b with highest ADV recorded at RM4.4b, partly anchored by strong foreign net inflows helping to boost overall market risk on sentiment. Foreign flows reversed from a net outflow of RM7.7b in 4Q25 to a net inflow of RM1.14b in Jan 26 to date.

Key Financials

Year to 31 Dec (RMm)	2024	2025	2026F	2027F	2028F
Net turnover	784	728	812	815	826
EBITDA	446	374	450	444	446
Operating profit	411	338	413	405	406
Net profit (rep./act.)	310	250	313	308	309
Net profit (adj.)	310	250	313	308	309
EPS	38.4	30.9	38.7	38.2	38.2
PE	23.5	29.2	23.3	23.6	23.6
P/B	8.3	9.1	8.9	8.8	8.6
EV/EBITDA	14.9	18.0	14.9	15.0	14.9
Dividend yield	4.9	3.1	4.1	4.0	4.0
Net margin	39.5	34.4	38.5	37.8	37.4
Net debt/(cash) to equity	(74.5)	(70.3)	(72.8)	(75.9)	(79.4)
Interest cover	n.a.	n.a.	n.a.	n.a.	n.a.
ROE	36.6	29.9	38.7	37.5	36.8
Consensus net profit			284.7	298.5	n.a.
UOBKH/Consensus (x)			1.1	1.0	n.a.

Source: Bursa, Bloomberg, UOB Kay Hian

Stock Data

GICS Sector	Financials
Bloomberg ticker	BURSAMK
Shares issued (m)	809.3
Market cap (RMm)	7,299.9
Market cap (US$m)	1,857.5
3-mth avg daily t'over (US$m)	2.5

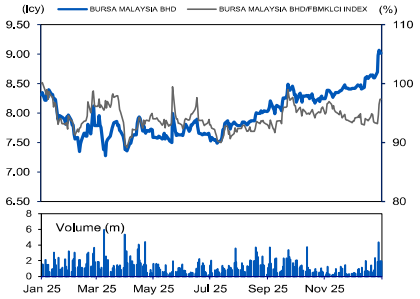
Price Performance (%)

52-week high/low				RM9.08/RM7.20
1mth	3mth	6mth	1yr	YTD
7.3	10.7	17.8	7.1	8.0

Major Shareholders

	%
Capital Market Development Fund	18.6
EPF	11.6
Kumpulan Wang Persaraan	11.5

Price Chart



Source: Bloomberg

Company Description

Bursa is a fully integrated stock exchange offering a wide range of exchange-related services. It also offers information services related to the Malaysian securities market.

- **Foreign inflows may be in the early stages of recovery.** Unlike the May-Aug 24 strong inflow cycle, foreigners have only just turned net buyers after a near record high of RM22b net outflows in 2025.
- **ADV is already hovering close to Jul 24 levels when Bursa share price peaked at RM9.90.** For perspective, when Bursa's share price peaked at RM9.90 in Jul 24, peak ADV reached RM4.4b and the month's average was RM3.4b. In Jan 25, ADV levels were similar, with peak ADV again at RM4.4b and monthly ADV at RM3.15b, yet the share price remains about 10% below its 2024 peak. This signals further upside potential, with current valuations remaining reasonable at the mean PE, even with potential upside risks to ADV.
- **We remain constructive on overall market sentiment and hence ADV recovery.** Despite recent market volatility driven by external factors, we remain positive on overall market sentiment. Low foreign ownership, attractive valuations, ample domestic liquidity, a supportive macro backdrop, and potential EM inflows from further US rate cuts point to a continued FBMKLCI uptrend and stronger ADV growth in 2026 vs 2025, in our view. Meanwhile, ample domestic liquidity continues to provide a floor to market sentiment, as seen in 4Q25 when the FBMKLCI rose despite RM5.8b in net foreign outflows.

Valuation/Recommendation

- **Maintain BUY and target price of RM9.80 (25.5x 2026F PE).** We expect equity market sentiment to strengthen into 2026, supported by a more accommodative monetary policy, easing inflationary pressures, and a resilient macroeconomic outlook. This should foster a "risk-on" environment, benefitting emerging market equities and driving stronger ADV momentum for Bursa.
- **2026 ADV forecast of RM3.0b conservative compared to previous two upcycles, warranting above-mean PE peg.** Our slightly above-mean PE peg reflects the potential for ADV to exceed our RM3.0b forecast in the anticipated 2026 upcycle, noting that ADV ranged between RM3.15b and RM4.20b during the previous two upcycles (2024 and 2020).
- **Peak PE valuations during previous upcycles ranges between +0.5SD to +2.0SD.** Over the past 20 years, Bursa's PE valuations have typically peaked within a range of +0.5SD to +2.0SD during ADV upcycles. Assuming a mid-range peak of +1.0SD above the mean, this implies a potential stretched target price of RM10.78.

Earnings Revision/Risk

- **No changes in earnings.**
- **Risks.** Re-escalation of US trade tensions and other geopolitical risks could trigger a shift away from risk assets, including emerging market equities, leading to lower-than-expected ADV.

Share Price Catalyst

- Stronger-than-expected ADV.
- Stronger-than-expected derivative contract volumes.

Bursa Historical Market Velocity, ADV And Market Capitalisation

Bursa ADV and Market Velocity Trend

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KLCI Market Cap (RMb)	1,651	1,695	1,667	1,907	1,700	1,712	1,817	1,789	1,736	1,796	2,081	2,060
ADV (RMb)	2.0	2.0	1.8	2.3	2.4	1.9	4.2	3.7	2.1	2.1	3.1	2.6
Market velocity	30%	30%	27%	32%	32%	28%	64%	49%	30%	29%	40%	32%

Source: Bloomberg, UOB Kay Hian

Environmental, Social, Governance (ESG) Updates

Environmental

- **Carbon neutrality and zero greenhouse gas emission targets.** Set a target to achieve carbon neutrality by 2022 and zero greenhouse gas emission by 2050.

Social

- **Gender diversity.** Maintained 42% females in senior management.
- **Diversity, Equity and Inclusion (DEI).** Established a DEI Policy in 2021 to ensure Bursa is steered by a diverse group of employees (age, ethnicity, gender).

Governance

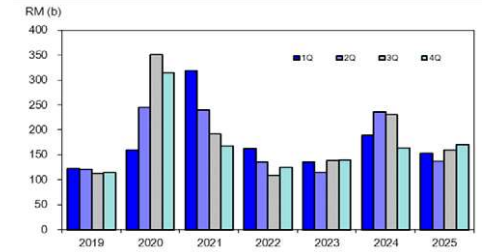
- **Non-independent board of directors composition.** Composition of Independent Non-Executive Directors (INED) – 90%.

Assumptions

	2026F	2027F	2028F
Average Daily Value of Equities (RMb)	3.00	2.80	2.70
Futures Contract (m)	18.3	18.9	19.4
Dividend payout ratio (%)	95.0	95.0	95.0

Source: Bloomberg, UOB Kay Hian

Bursa Quarterly Value Traded

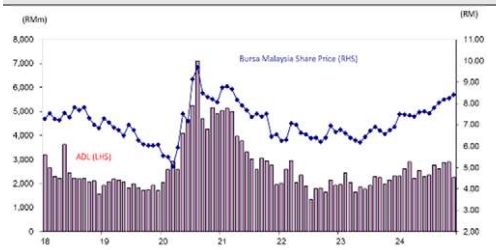


Source: Bursa Malaysia, UOB Kay Hian

Bursa Adv Spikes Upwards During Periods Of Strong Net Foreign Inflows

Source: Bloomberg

Bursa Adv Vs Share Price



Source: Bloomberg

Bursa 2025 ADV Forecast

	2026F Average
Overall Market Capitalisation (RMb)	2,000
Market Velocity	37%
Total Value Traded (Market Velocity x Market Cap) (RMb)	740
Number of Trading Days	247
2025 estimated ADV (RMb)	3.00

Source: Bloomberg, UOB Kay Hian

Bursa PE Band

Source: Bloomberg

Profit & Loss

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Net turnover	**727.7**	**812.5**	**815.2**	**826.1**
EBITDA	374.4	450.4	444.3	446.1
Deprec. & amort.	36.7	37.8	39.0	40.2
EBIT	337.6	412.6	405.3	405.9
Net interest income/(expense)	(0.5)	(0.5)	(0.5)	(0.5)
Pre-tax profit	**337.1**	**412.1**	**404.8**	**405.4**
Tax	(89.1)	(99.0)	(97.3)	(97.4)
Minorities	2.2	0.0	1.0	1.0
Net profit	**250.2**	**313.0**	**308.5**	**309.0**
Net profit (adj.)	250.2	313.0	308.5	309.0

Balance Sheet

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Fixed assets	243.7	275.7	307.7	339.7
Other LT assets	142.5	146.3	158.3	170.3
Cash/ST investment	570.4	602.3	639.0	680.6
Other current assets	2,267.9	2,405.8	2,056.0	2,098.0
Total assets	**3,224.5**	**3,430.1**	**3,160.9**	**3,288.6**
ST debt	0.5	1.0	1.0	1.1
Other current liabilities	2,399.8	2,556.0	2,237.5	2,349.3
LT debt	7.4	7.4	7.4	7.4
Other LT liabilities	16.3	49.6	83.7	84.0
Shareholders' equity	800.1	815.8	831.3	846.7
Minority interest	0.3	0.3	0.0	0.0
Total liabilities & equity	**3,224.5**	**3,430.1**	**3,160.9**	**3,288.6**

Cash Flow

Year to 31 Dec (RMm)	2025	2026F	2027F	2028F
Operating	**243.7**	**404.5**	**402.2**	**404.6**
Pre-tax profit	247.9	313.6	309.0	309.5
Deprec. & amort.	36.7	37.8	39.0	40.2
Working capital changes	(12.9)	18.0	19.0	20.0
Non-cash items	(28.1)	35.1	35.2	35.0
Investing	**59.9**	**(79.0)**	**(78.0)**	**(77.0)**
Capex (maintenance)	(28.4)	(79.0)	(78.0)	(77.0)
Investments	0.0	0.0	0.0	0.0
Others	88.3	0.0	0.0	0.0
Financing	**(321.1)**	**(297.9)**	**(293.6)**	**(294.0)**
Dividend payments	(323.7)	(297.9)	(293.6)	(294.0)
Issue of shares	0.0	0.0	0.0	0.0
Loan repayment	0.0	0.0	0.0	0.0
Others/interest paid	2.6	0.0	0.0	0.0
Net cash inflow (outflow)	**-17.6**	**27.6**	**30.6**	**33.6**
Beginning cash & cash equivalent	**367.4**	**349.7**	**382.3**	**419.0**
Ending cash & cash equivalent	**349.8**	**377.3**	**413.0**	**452.6**

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	51.4	55.4	54.5	54.0
Pre-tax margin	46.4	50.8	49.7	49.1
Net margin	34.4	38.5	37.8	37.4
ROA	6.6	9.4	9.4	9.6
ROE	29.9	38.7	37.5	36.8
Growth				
Turnover	(7.2)	11.6	0.3	1.3
EBITDA	(16.1)	20.3	(1.4)	0.4
Pre-tax profit	(17.9)	22.2	(1.8)	0.2
Net profit	(19.3)	25.1	(1.5)	0.2
Net profit (adj.)	(19.3)	25.1	(1.5)	0.2
EPS	(19.3)	25.1	(1.5)	0.2
Leverage				
Debt to total capital	1.0	1.0	1.0	1.0
Debt to equity	1.0	1.0	1.0	1.0
Net debt/(cash) to equity	(70.3)	(72.8)	(75.9)	(79.4)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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